

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1021
ANSWERED ON:27.07.2001
ASSESSMENT OF NPA
NARESH KUMAR PUGLIA

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has taken a decision to initiate deterrent action, including imposition of monetary penalties against bank officials who willfully do not comply with prescribed norms for identifying divergence in assessment of non-performing assets (NPAs); and

(b) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) & (b): Reserve Bank of India (RBI) has advised the commercial banks to establish appropriate internal systems to eliminate the tendency to delay or postpone the identification of non-performing assets (NPAs) and fix responsibility and validation levels for ensuring proper asset classification. RBI has also advised the banks that it would continue to identify the divergences in identification of NPAs arising due to non-compliance with RBI guidelines, for fixing accountability. In cases of willful non-compliance by bank officials responsible for classification, RBI would initiate deterrent action, including imposition of monetary penalties.